

# Jones Act & Select USA

## “TRADING in U.S. Waters” Seminar

Leer/Hamburg, Germany

Dec. 5-6, 2017

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# MARITIME POLICY IN THE U.S.

Important pieces of maritime legislation are:

- The Shipping Act of 1916 (Alexander Act)
- The Merchant Marine Act of 1920 (Jones Act)
- The Merchant Marine Act of 1936

# SECURITY FOUNDATIONS

The foundation of maritime policy in the United States is legislation that Congress enacted to ensure sufficient sealift capacity to carry U.S. commercial and military cargo during World War I (1914-1918) and legislation that was largely a response to the economic conditions of the Great Depression.

# THE MERCHANT MARINE ACT OF 1920

- The Merchant Marine Act of 1920 known as the Jones Act
- Commerce between U.S. ports on the inland and intracoastal waterways be reserved for vessels that are:
  - U.S. Built
  - U.S. Owned
  - U.S. Manned
  - Registered under U.S. Law
- [Title 46](#)

# JONES ACT - U.S. BUILT

- Only ships built in the U.S. may transport merchandise within the U.S.
- The Act restricts the foreign steel content of repair work on U.S. flag vessels.
- Foreign steel content limited to 10% by weight, limiting ability of U.S. commercial vessels to be repaired at overseas yards.

- [Key Source](#)

# JONES ACT - U.S. OWNED

- At least 75% owned by U.S. citizens at each tier of ownership
- Owned by and qualified as a documentation citizen
- CEO and Chairman of the Board must be U.S. citizens
- No more than a minority of the number necessary to constitute a quorum may be non-citizens
- [Key Source](#)

# JONES ACT - U.S. MANNED

- Crew of ships must be comprised of at least 75% U.S. citizens
- Crew defined as individuals who:
  - contribute to the function of the vessel or to the accomplishment of its mission
  - have a connection to a vessel in navigation (or to an identifiable group of vessels) that is substantial in terms of both its duration and its nature

- [Key Source](#)

# JONES ACT - REGISTERED UNDER U.S. LAW

- Registration of Vessel with the U.S. Coast Guard
- [U.S. Coast Guard](#)



# JONES ACT - TERRITORY COVERED

- Act Applies To:
  - 48 Contiguous U.S. States
  - Alaska, Hawaii
  - Puerto Rico
- Extension of Act:
  - Outer Continental Shelf Lands Act of 1953 (43 U.S.C. 1333)
  - Extended to U.S. territorial sea
  - Installations permanently or temporarily attached to the seabed for exploration, development, or production of natural resources
  - Extends Act to oil and gas facilities located

# JONES ACT: WAIVERS

- Waivers of Jones Act
  - Issues by the Secretary of Department of Homeland Security (DHS)
  - Allowed on Case-by-Case Basis
  - National Emergency or in the Interest of National Defense
- Utilized in Natural Disasters
  - Hurricanes Irene, Katrina, Sandy and Harvey
  - Emergency Shipments of Gasoline to Alaska

# JONES ACT: EXEMPTIONS

- Permanent Exemptions of Jones Act
  - Transportation of hazardous waste—Sec. 55105(b)
  - Merchandise transferred between barges—Sec. 55106
  - Platform jackets—Sec. 55108: Section 55108(b)
  - Use of foreign documented oil spill response vessels—Sec. 55113
  - Canadian rail lines—Sec. 55116
  - Great Lakes rail route—Sec. 55117
  - Yukon River—Sec. 55119
  - Transportation of merchandise and passengers on Canadian vessels—Sec. 55121
- Resource: [Department of Homeland Security Publications](#)

# OTHER ACTS & COVERAGE

- Sailor's/Seaman's Rights
  - Extends Rights to Negligence and/or Injury Claims
- The Passenger Vessel Services Act
  - Extends to Cabotage Restrictions to Passengers
  - With Jones Act - Known Collectively as "Coastwise Laws"
- Prohibitions on:
  - Salvaging Operations by Foreign Vessels ([46 U.S.C. 80104](#))
  - Towing ([46 U.S.C. 55111](#))
  - Dredging ([46 U.S.C. 55109](#))

# CBP RULINGS: REGARDING FOREIGN VESSELS & JACK-UPS

- Allows use of foreign flagged jack-up vessels wind farm drilling, pile driving and installation activities, if:
  - The vessel is stable and stationary
  - No transportation to or from U.S. ports
  - Moved in Place without any modification ashore in U.S.
  - Ruling conforms to past offshore oil and gas CBP rulings

# OFFSHORE WIND FARMS

- Initial Component Delivery - The Jones Act Does Not Apply
- Component Transportation To An Offshore Wind Farm Site - The Jones Act Applies if Components Originate in U.S. Port
- Installation and Assembly Phase - The Jones Act Does Not Apply including Construction (Jack-Up) Vessels
- Operation, Repair and Maintenance Phase - The Jones Act Likely Applies if transporting goods/merchandise Originating in U.S. Port.

# THE MERCHANT MARINE ACT OF 1936

- Developed Several Support Programs for the Shipping Industry
- Reduced the Commitment for U.S. Merchant Fleet from carrying the “greater portion” of U.S. foreign commerce to a “substantial portion” of U.S. foreign commerce.

# CURRENT STATUS

- 124 Shipyards in 26 U.S. States - Shipbuilders
- Over 200 Shipyards - Repairs
- 1,067 Deliveries (2014)
- 110,390 Jobs
- \$10.7 Billion Direct Economic Impact
- Key States: Virginia, California, Mississippi, Louisiana, Texas, Connecticut, Florida

[Source](#)



# CURRENT STATUS

- Advocates of Jones Act:
  - Employment
  - Security
  - Environmental Impact
  - Job Safety

# EXPANDING YOUR BUSINESS IN THE UNITED STATES

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*SelectUSA*



# ABOUT SELECTUSA

## OUR MISSION

**SelectUSA's mission is to promote and facilitate business investment in the United States.** We are the single point of contact at the national level for international and domestic companies to invest in the United States.

## OUR CLIENTS

- Existing and Potential **Business Investors**
- U.S. Economic Development Organizations (**EDOs**)

## OUR IMPACT



To date, SelectUSA has directly assisted in attracting more than **\$23 billion** in client-verified investments to the United States.

# WHO WE ARE

## OUR TEAM

### U.S. DEPARTMENT OF COMMERCE – INTERNATIONAL TRADE ADMINISTRATION

- SelectUSA HQ: <http://www.selectusa.gov/our-team>
- U.S. and Foreign Commercial Service
  - 100+ Domestic Offices
  - 70+ International Offices

## OUR NETWORK

### INTERAGENCY INVESTMENT WORKING GROUP (IIWG)

- U.S. State Department, Embassy & Consulate Personnel



# INTERAGENCY INVESTMENT WORKING GROUP

***“The Working Group shall coordinate activities to promote business investment and respond to specific issues that affect business investment decisions”***

*-Executive Order establishing [Federal Interagency Investment Working Group](#) (IIWG)*

20+ IIWG participating agencies, including:



U.S. Department of State



U.S. Department of Homeland Security



U.S. Small Business Administration



Export-Import Bank of the United States



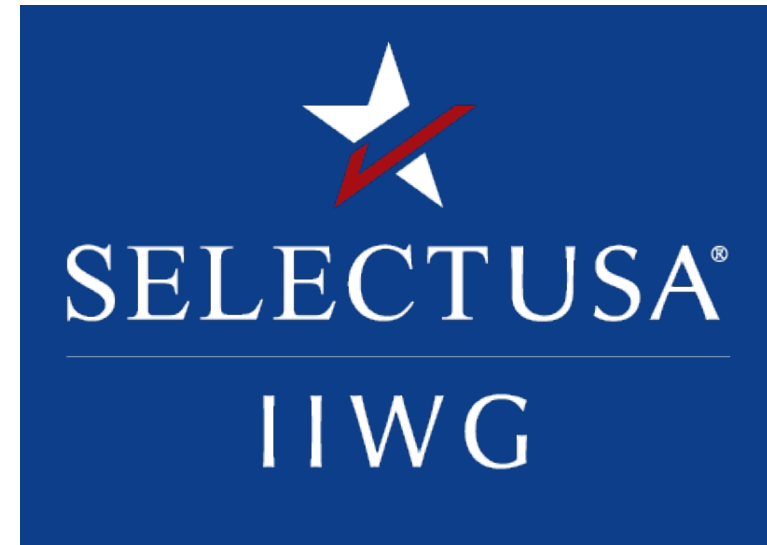
U.S. Trade Representative



U.S. Department of Energy



U.S. Department of Defense



# LARGEST AND FASTEST GROWING SOURCES OF FDI

**Largest Sources of FDI in the United States**  
(by UBO)

Rank	Market	2015 Position (USD millions)	Share of Total
1	United Kingdom	\$568,948	18.2%
2	Japan	\$414,007	13.2%
3	Canada	\$391,948	10.9%
4	Germany	\$318,988	10.2%
5	France	\$251,375	8.0%
6	Ireland	\$200,502	6.4%
7	Switzerland	\$143,534	4.6%
8	The Netherlands	\$137,406	4.4%
9	Spain	\$61,378	2.0%
10	Sweden	\$50,875	1.6%
11	Italy	\$47,049	1.5%
12	Australia	\$44,925	1.4%
13	Belgium	\$43,335	1.4%
14	South Korea	\$38,174	1.2%
15	Mexico	\$35,516	1.1%

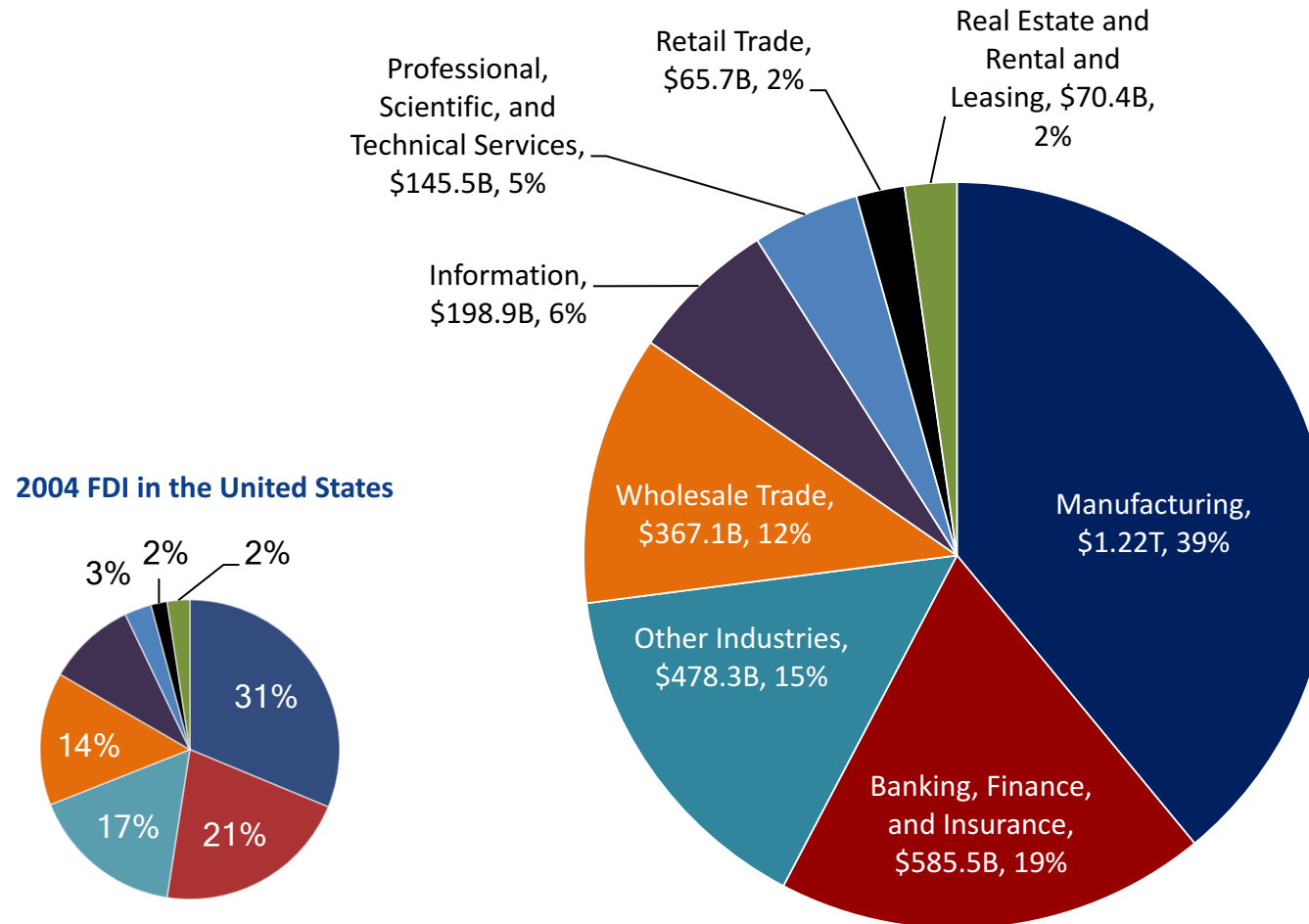
**Fastest-Growing Sources of FDI in the United States**  
(by UBO)

Rank	Market	2015 Position (USD millions)	CAGR (2010-15)
1	Argentina	\$3,771	38.9%
2	Chile	\$2,475	36.9%
3	China	\$20,765	30.8%
4	Malaysia	\$1,613	20.5%
5	South Korea	\$38,174	17.3%
6	Norway	\$29,600	14.9%
7	United Arab Emirates	\$27,480	14.2%
8	Colombia	\$2,468	14.0%
9	India	\$11,345	13.6%
10	Ireland	\$200,502	12.8%
11	Bermuda	\$27,585	11.7%
12	Brazil	\$23,685	11.7%
13	Hong Kong	\$14,525	11.4%
14	Japan	\$414,007	9.8%
15	Finland	\$13,278	9.8%

Source: Bureau of Economic Analysis. UBO refers to Ultimate Beneficial Owner. CAGR refers to Compound Annual Growth Rate. Fastest-Growing Sources of FDI ranks markets with 2015 FDI stock in the United States greater than \$1 billion.

# FDI IN THE UNITED STATES BY INDUSTRY

## 2015 FDI in the United States Breakout of \$3.1 Trillion Inward Position



# STATE, REGIONAL AND LOCAL EDOS

## State



## Regional




## Local





# SELECTUSA INVESTMENT SUMMIT

June 20-22,  
2018



## SELECTUSA<sup>®</sup> INVESTMENT SUMMIT

WASHINGTON, DC | JUNE 18-20, 2017

The SelectUSA Investment Summit is the highest-profile event dedicated to promoting FDI in the United States. This signature event provides an unparalleled opportunity to bring together companies from all over the world, economic development organizations from every corner of the nation, and other parties working to facilitate business investment in the United States.

The Summit's theme – "Grow with US" – will highlight the innovative business climate in the United States and feature investment opportunities from every corner of the country.

[www.SelectUSAsummit.us](http://www.SelectUSAsummit.us)



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